PARKER AMERICAS INC.

Supplier Quality Assurance Manual

Table of Contents
- Parker Americas Inc Supplier Quality Assurance Manual
1 - Purpose
2 - Quality System Development
3 - Product Safety
4 - Counterfeit
5 - Contamination
6 - Product and Service Conformity
7 - Corporate Responsibility, Sustainability, Ethical Behavior
8 - Environmental Management System Development
9 - Supplier Selection
10 – Material/Product Approval Process
11 - Material Specifications, Documentation
12 - Contingency Planning
13 – Monitoring/Vendor Performance Rating
14 - Non-conformance and Corrective Action
15 - Finished Good
16 – Assessments, Audits and Development
18 - Risk Management, Preventive Action, and Continuous Improvement
19 - Communication
20 - Revision History

Parker Americas Inc. Supplier Quality Assurance Manual (SQAM)

1 Purpose

1.1 This manual describes Parker Americas Inc expectations for its suppliers to ensure purchased materials meet Parker Americas Inc and Customer requirements. Effective Supplier Quality Systems and performance allows for Parker Americas Inc. to maintain its world-wide leadership position in providing products with high quality.

1.2 The manual is available at http://www.parker-us.com, under Suppliers link, for review by Parker America Inc raw material vendors, purchased finished goods vendors, packaging material vendors and product subcontractors who are monitored in the vendor rating program. It is the vendor's responsibility to ensure they are using the latest version of the SQAM. Any questions or requests for clarification should be directed to our purchasing department at procurement@parker-us.com.

2 Quality System Development

This manual reflects our philosophy to always deliver high quality performance and consistency to our customers at a fair price. The development of a supply base capable of providing excellence in quality, service and value is an integral part of our continuous improvement efforts.

2.1 Third Party Certification

Parker America Inc expects raw material and purchased finished goods suppliers to achieve ISO 9001 third party certification at a minimum and suppliers are strongly encouraged to become registered to or show progression towards compliance with IATF 16949 and ISO 14001. Specially designated small and non-automotive suppliers lacking resources to implement IATF 16949 or ISO 9001:2015 fully may have certain elements waived by Parker Americas Inc. after BMSF-1-11-2001 Supplier Waiver Risk Assessment is conducted and reviewed internally with related Department Managers.

- Material supplier certificates must be from an accreditation body that can be validated through the International Accreditation Forum database.
- Calibration and testing providers must achieve ISO 17025 third party certification with certificates from a recognized accreditation body (i.e. A2LA, ANSI, NVLAP) unless otherwise specified. For automotive products, calibration must be performed against the ISO 17025 requirements, and Calibration Certificates must include the Accreditation Body logo.

- Dunnage suppliers may subscribe to other industry-based certifications, but they are not required to be third party ISO 9001 certified

3 Product Safety

Suppliers must have a documented process to manage product safety related issues during the entire product life including the identification of statutory and regulatory product safety requirements; identification and controls of safety-related characteristics of the product; hazard assessment, safety critical items analysis and reporting of events affecting safety; training of personnel and communication regarding their contribution to product conformity and product safety and the transfer of product safety related requirements throughout the supply chain.

4 Counterfeit

Suppliers must identify and manage the risks associated with the provision of materials or products, as well as their selection and use of sub-tier providers. At a minimum, flow down requirements that all providers apply appropriate controls to ensure that customer requirements are met; this includes a Management System addressing the prevention of counterfeit materials through training; monitoring of obsolete parts; controls to use only authorized suppliers; traceability to original/authorized manufacturers and test to detect counterfeit parts; flow down of applicable requirements to sub-tier providers and the right of access at any level of the supply chain.

5 Contamination

Suppliers must have a contamination control procedure in place to protect Parker America Inc from defective or contaminated material. The procedure must address general plant cleaning policies including 5S, cleaning frequency, material storage, building access points, calibration, and PM schedules with record of cleaning belts and filters, prevention of cross contamination among raw materials/chemicals, inclusion of contamination points on control plans, FMEAs and work instructions, contamination audits and corrective actions.

Contamination control requirements must be extended to sub-tier suppliers.

6 Product and Service Conformity

Suppliers must provide training and ensure that all personnel are aware of their contribution to product and service conformity. This requirement must be extended to sub-tier suppliers.

7 Corporate Responsibility, Sustainability, Ethical Behavior

Parker America Inc operates with integrity and in accordance with "Open, Fair, Best" practices. To pass this principle onto suppliers, we have incorporated conditions of corporate social responsibility in the Parker America Inc Purchase Terms and Conditions for Goods and Services agreement (Sections 24 and 25) to assure the integrity and sustainability of the companies from which we procure. We expect that all suppliers understand the importance of ethical behavior, and corporate social responsibility is practiced not only by direct suppliers, but throughout your supply chain.

8 Environmental Management System Development

We are committed to pollution prevention and a safe, friendly environment. Our environmental programs ensure that we perform beyond the requirements of federal, state, and local regulations, and are certified to the Environmental Management System Standard, ISO 14001. We encourage all vendors to support our Environmental Management System initiatives through waste and pollution reduction, by complying with all local, state, and federal regulations to minimize our impact on the environment by supplying us with environmentally friendly materials.

It is the supplier's responsibility to ensure identification and revision control for all attributes throughout the product lifecycle.

9 Supplier Selection

9.1 A general evaluation of pending supplier is conducted. A full review of a vendor's ability to provide the required material or service is conducted. Engineering and Material Review will be conducted to evaluate SDS, TDS and ability for material/ product conformity. Supplier selection will be a multidisciplinary decision considering suppliers Quality management system, product conformity, product quality, and uninterrupted delivery supply. Accounting will conduct background checks and review credit references to confirm vendor stability and reliability to assure continuity in our operations.

9.2 The Vendor Information Form will be provided to Supplier. A Supplier Audit/Assessment will be required to confirm general quality system status and third-party certification level identified.

9.2.1 Parker America Inc will be provided to the supplier:

- Purchase Agreement (mandatory)
  - Supplier Terms and Conditions, “Doing Business With”
  - Purchase Order
- SQAM (Supplier Quality Assurance Manual)

9.2.2 The supplier will be responsible for providing the following to Parker:

- TAX ID Form (W-9 Form – Domestic / W-8BEN-E – Outside US)
- Certificate of Insurance (COI) – onsite contractors
- ISO 9001, IATF 16949 certification (as applicable)
- Chemical Survey (if applicable)
- Supplier Change Notification and other surveys

9.2.3 For more detailed specifics for Chemical Surveys as well as Parker Americas Inc. Terms and Conditions, these are available at http://www.parker-us.com , under Suppliers link.

10 Material/Product Approval Process

10.1 Raw Materials and Laminates:

10.1.1 Paker R&D, Purchasing and/or Quality will work with vendor as appropriate to qualify the new material including all chemicals, backings, glass fibers and liners, etc.

10.1.2 For trial runs the following is required:

10.1.2.1 Data Sheet

10.1.2.2 Technical Data Safety Sheet

10.1.2.3 Chemical Survey Forms at http://www.parker-us.com

10.1.3 Approval to supplier will be given in the form of a purchase order

10.2 Purchased Finished goods and components:

10.2.1 Parker team will work with vendor to provide PPAP requirements.

10.2.1.1 Unless otherwise stated, the default PPAP is a Level 3 including all 18 elements of AIAG requirements.

10.2.1.2 Trial and fit checks may be required. If applicable Parker Engineering and Quality team will work with supplier.

10.2.2 Vendor will supply PPAP to Quality team for review and approval.

10.2.2.1 If PPAP rejected, supplier to correct and resubmit.

10.2.3 Please note in some instances Parker Americas Inc will not be able to provide full PPPAP approval until Parkers Customer provides approval.

10.2.3.1 In this instance an interim will be provided

11 MATERIAL SPECIFICATIONS, DOCUMENTATION

11.1 Raw Material and Laminates

11.1.1 Purchasing and/or R&D will work with the vendor to establish a specification for the new material in the instance that a supplier does not already have a defined material specification. In the event a supplier has an established specification (via COA, COC, etc.), this form is the specification unless otherwise agreed with Parker America Inc. Specifications assure that critical requirements are understood, and that the vendor can meet those requirements including testing, packaging/labeling, safety/storage conditions, samples and certification/test data requirements, lot number definition, and shelf life.

11.1.2 Once supplier COA is established, if any COA specs are going to change, the supplier is required to submit a notification to Parker America Inc, in writing, via email to quality@parker-us.com. Failure to notify and receive approval for COA specification changes may result in loss of business as a supplier.

11.1.3 All material vendors must have a method to positively control, distribute, maintain, and dispose of the specifications. When specs are updated, it is the vendor's responsibility to remove old versions from work areas, distribute the updates and assure that affected personnel are aware of all changes.

11.1.4 Records relating to the purchased materials must be maintained and controlled. Minimum records requirements:

1) Parker America Inc PO,
2) Specification
3) Production data including control items
4) Test data including sub-supplier data
5) Copies of submitted C of As. These must be available for review by Parker America Inc, our customers or regulatory authorities for as long as the product is active plus 10 years.

11.1.5 If Certificates of Analyses or Test Reports are required and did not accompany the shipment, please ensure that the data is emailed in timely manner to quality@parker-us.com and aligned with the Properties Testing Requirements on the material spec.

11.1.5.1 Please ensure that the lot numbers on certs are consistent with lot numbers on the incoming shipment. This will allow our receiving department to verify QC release of material upon delivery.

11.1.5.2 For each property reported, please quote your internal or standard Test Method used to

NOTE: Our continuous improvement goal is to minimize receiving inspection by upgrading raw material classification from testing to acceptance based on vendor test reports or vendor process capability. This flow down of verification activities will require total commitment from our vendors to assure that we receive high quality material. Occasionally, we may require vendors to perform blind testing on a returned sample.

11.2 Packaging Material Vendors

11.2.1 Specifications will be provided as needed, on an exception basis.

11.3 Calibration and Testing

11.3.1 Suppliers must ensure that they are using the latest revision of applicable industry and/or regulatory requirements unless otherwise stated on the PO, and provide proper documentation as required on the PO.

11.4 Finished goods vendors

11.4.1 Records relating to the purchased finished goods must be maintained and controlled. Minimum records requirements:

1) Parker America Inc PO,
2) PPAP elements
3) Ongoing Production data including control items
4) Test data including sub-supplier data

11.4.2 These documents are to follow record retention procedures and be available in the event of any non-conformity.

12 Contingency Planning

Once a specification is issued to a supplier, Parker America Inc expects the

supplier to have contingency plans in place to assure continuity of supply for the specified material. Areas to consider include but are not limited to transportation, packaging, equipment failure, maintenance and utility systems, labor controls, internal or external work stoppages, natural disasters, epidemic/pandemic, cyber security failures in IT systems or manufacturing equipment, sub-supplier work stoppages, volume increases, etc.

13 Monitoring/Vendor Performance Rating

13.1 Scorecard minimum score Requirements

13.1.1 Vendors must have ≥ 80% on the Vendor Log that tracks overall Performance Ratings.

13.1.1.1 This score is a combination of Scorecard results as well as Supplier Audit/Assessment results.

13.1.2 If vendor fall below 80%, the Purchasing will communicate that we expect to see measurable improvements in performance. Additionally, If the score drops below 80 there will be an automatic review to determine issues and if an audit will be required. Determination will be based on failure mode and impact. Supplier audits will be conducted by trained qualified auditors listed on the Internal Auditor List.

13.1.3 Parker Americas Inc.'s Purchasing and Quality teams monitor supplier performance closely to determine if corrective action should be initiated. In the event a Supplier exhibits performance issues, quality issues, delivery issues, or systemic deterioration of key performance metrics, Corrective Action Report requirement may be implemented. Refer to 14.

13.1.4 If problems continue, Parker Americas Inc will discuss possible disqualification and notify the vendor accordingly.

13.2 Scorecard Calculation

13.2.1 Scorecards will be calculated and distributed monthly based on the following risk factors: high volume with low storage capability, long lead team, single source or any supplier that has quality or delivery concerns.

13.2.2 The Performance Rating is a weighted average of:
Quality (55%) + Delivery (30%) + Premium freight (2.5%) + customer disruption (2.5%) + QMS level (10%).

13.2.2.1 Quality is defined as number of non-conformances
13.2.2.2 We define on time as received within: - 4 days + 0 days of the due date.
13.2.2.3 Shipment will be accepted within -5% +10% of ordered quantity as agreed upon with specifics commodities/suppliers only

Calculation:

• Quality =	total $$ nonconforming X 100 total $$ purchased	55% of score
• Delivery =	# of deliveries on time X 100 total # of deliveries	30% of score
• Premium Freight =	# of instances X 100 total # of deliveries	2.5% of score
• Customer Disruption =	# of instances X 100 total # of deliveries	2.5% of score
• QMS Certification =	IAT16949 cert, 10 pts X 10 ISO9001 cert, 5 pts X10 No cert, 0 pts X 10	10% of score

14 NON-CONFORMANCE AND CORRECTIVE ACTION

14.1 Initial notification of a discrepancy can be by phone / email. The notification will state the problem(s) in detail and specify whether a Corrective Action Report is required. Suppliers are expected to have a Fast Response system in place to quickly review customer complaints and follow-up on requested actions including a supplier authorization of Material disposition once the problem is confirmed.

14.2 If required, corrective actions must be submitted in writing within the requested time. At a minimum, the following information must be included: Root cause analysis, short term containment and long-term actions to prevent reoccurrence: Why did the problem occur? Was it due to an isolated process failure or a system failure? What change in practice or system is implemented to prevent reoccurrence? Use of 5-Why and other Quality Tools is recommended to help in the investigation and find a solution.

14.3 Quality will review all Corrective Action Reports and assess whether submitted actions will effectively solve the problem. If not acceptable, the report will be returned for resubmission. The supplier will be liable for any quality or delivery interruption for which they are responsible. We will charge back 100% of the costs associated with the non-conformance.

15 Finished good suppliers

15.1 FG Suppliers are held responsible for any liabilities or costs that result from formal quality and/or delivery complaints by Parker America Inc customers. This includes, but is not limited to sort activity, re-inspection costs, product replacement and/or recall costs and supplemental testing/technical analysis/failure investigation because of a supplier-caused issue. Customers require interim containment measures to be executed rapidly, typically within 24 hours, and root cause analysis with robust corrective action within 10 business days or other based on Customer Specific Requirements.

15.2 In the event of a confirmed quality defect, the supplier is responsible to deliver certified replacement product immediately after notification and verification of the defect. This includes replacements for actual defective product(s) or material as well as temporary replacements for any product(s) placed in our quarantine areas as a containment measure.

15.3 The Supplier will also provide on-site support at Parker America Inc., if requested, immediately after notification of any incident with the potential to impact our customer.

16 Assessments, Audits, and Development

16.1.1 Parker Americas Inc. periodically reevaluates current production suppliers using quality performance data and the Supplier Audit/Assessments. If requested, the supplier shall make their facility available for on-site process verification by Parker personnel, with reasonable notice.

16.1.2 If specified in our customer contracts, customers must be afforded the right to audit our vendors. Our right or customers' right to audit is called out in terms and conditions which is noted on every PO as available at parker-us.com. This right must also be extended to regulatory agencies if required. In addition to conducting audits, we, our customers or regulatory agencies must also be given access to inspect or verify the quality of purchased material at the vendor's facility.

16.1.2.1 If this becomes necessary, the vendor will receive advanced notice regarding the scope and reason for the audit or inspection.

16.1.3 Assessment/Audit priority as well as need, type, frequency, and scope of audits/assessments will be based on risk analysis including product safety/regulatory requirements, performance of the supplier and QMS certification level.

16.1.3.1 If a supplier is not ISO 9001 certified an annual Supplier Audit/Assessment is required.

16.1.3.2 ISO9001 and IATF 16949 certified suppliers will have a Supplier Audit/Assessment a minimum of once every 3 years.

16.1.3.3 Dunnage suppliers do not have a mandatory requirement for IS0 9001 certification, but our encouraged to attain.

16.1.3.4 For any supplier, regardless of certification level, in the event a Supplier exhibits performance issues, quality issues, delivery issues, or systemic deterioration of key performance metrics, this may flag a mandatory Supplier Audit. Please refer to Section 13.

16.1.3.5 In addition to the ongoing performance rating in section 13, we ask automotive suppliers to complete Supplier Self-Assessments as requested in response to updated customer or QMS requirements, or at a minimum every three years in order that we can continue to monitor

suppliers progress towards meeting the requirements of IATF 16949. Action plan will be requested from vendors who fall below the stated minimum requirement. for non-exempt and non-ISO 9001 suppliers an annual audit will be conducted by Parker Americas Inc."

16.1.4 Parker Americas Inc. Supports development of suppliers and encourages all suppliers to work towards ISO 9001 certification as a minimum and progress towards meeting the requirements of IATF 16949.

17 Risk Management, Preventive Action, and Continuous Improvement

17.1 All vendors should consider the following to continually enhance their system and request the same from sub-suppliers:

- A process for managing Quality Management System and Operational risks with defined responsibilities, risk assessment criteria and actions to mitigate or eliminate the risks.
- Establishing goals towards overall improvement including manufacturing process performance
- Tracking and reviewing performance against the goals and have a system for taking action to improve.
- For Finished goods, a prevention rather than detection approach through:
    - Expanded use of statistical tools and techniques to control process variability and achieve a Cpk > 1.33 and Ppk > 1.33 where applicable.
    - Use of Mistake Proofing/Fail Safe methodologies such as FMEA to eliminate potential causes of failure.
- Developing sub-tier suppliers and encouraging them to improve their quality system to ensure that properties and characteristics not verified in your operations upon receipt are adequately controlled.

18 Communication

18.1 <u>Communication of Product, Process or Raw Material Change</u>

Vendors must notify us of any change that has the potential to affect our final products or processes and seek approval at least twelve months prior to the change. Our definition of change includes but is not limited to:

- Product formulation
- Change in appearance

- Raw material formulation
- Raw material supplier
- Manufacturing process
- Manufacturing location
- Change of process subcontractor

18.2 Communication of a Change in Status

18.2.1 It is the vendor's responsibility to inform us of any change in status to help us keep our vendor database current. Included in this category will be change of ownership, name change, change in supplier's quality or environmental system status such as achieving ISO 9001or IATF 16949 certification or updates to an existing certificate.

18.3 Communication of Non-conformances

18.3.1 Vendors must contact Parker Purchasing and Quality Department at the following emails procurement@parker-us.com, quality@parker-us.com if a non-conformance is detected after shipment. The vendor must ensure if additional non-conforming stock remains at vendor that the material is tagged and segregated to prevent additional shipment of non-conforming material to Parker Americas Inc. Vendor will be required to replace non-conforming material and communicate replacement delivery date with Parker Americas inc to evaluate timing risk.

18.4 Special Status Notification

18.4.1 Vendors are required to notify us of all potential quality or delivery issues that could affect us or our customers.

18.5 Communication of Impending Product Discontinuation

18.5.1 Vendors must advise Parker of any impending product discontinuation within sufficient time to enable Parker to qualify a new material or seek alternate solutions. Vendor must support a minimum of 12 months of inventory (or an amount mutually agreed upon) in order to allow time for Parker Americas Inc to seek and approve replacement due to discontinuation.

19 Revision History

Rev.	Eff. Date	Description of Changes.	Approver
Original	10/01/17	Original Issue.	BH
A (1)	01/08/19	Sec II.2.a : Added section for Second party audits Sec VI : added section for non-ISO supplier score cards	BH
B (2)	02/16/21	Misc. formatting Removed all references to ISO/TS 16949 Sec. I: specified KC location Sec I.1: Updated TS to IATF16949, added statement that requirements may be waived with risk assessment Sec. I.2: Addition of verbiage encouraging development to ISO 14001 Sec II.2.a: Clarified requirements for second party audit frequency, scope, and type, addition of possibility for remote auditing Sec II.3: Updated form name Sec V : updated COA contact Sec VI: clarified scorecard frequency and requirements	CJ
C (3)	11/19/21	Clarified I.1 Added I.1.1 Product Safety Added I.1.2 Counterfeit Added I.1.3 Contamination Added I.1.4 Product and Service Conformity Added 1.2 Ethical Behavior Modified II.3 Modified V1	LA
D (4)	12/21/22	II.2 added- Audit priority based on Risk Analysis and called out Risk items.	LA
E (5)	1/30/23	II.2 Added flagging for audit requirement. V1.2 Revised scorecard to included QMS Certification VI.1 Added reference to II.2 for audit reference	LA

F (6)	5/15/23	Updated with Parker Americas Inc Logo. Replaced all text and emails from Nitto Parker Americas in.	LA
G (7)	6/14/23	Full document review	LA
H (8)	6/27/23	Added language for annual audits for non-iso suppliers and possible exemption of QMS level requirement. Updates to: I.1.1. II.1 2) II.2 II.3 VIII.	LA
10	7/29/24	Full review of document. Changed format. Changed from content from roman numerals to numbers. Changed revision from letters to numbers. Modified the following sections:1-Purpose, 8-added product life cycle, 9-modified supplier selection to clearly match current process, 10 Material/Product Approval process-defined more clearly by type, 13-Monitoring/Vendor Performance Rating-updated to match current process and added score is a combination of Scorecard results as well as Supplier Audit/Assessment results, 14-Non-conformance replaced terminology by adding CAR, 16-Assesment, Audits, and Development-Made process more clearly defined.	Purchasing and Quality Team
11	5/1/25	Added section 16.1.3.5 : "In addition to the ongoing performance rating in sect. 13, we ask automotive suppliers to complete Supplier Self-Assessments as requested in response to updated customer or QMS requirements, or at a minimum every three years in order that we can continue to monitor suppliers progress towards meeting the requirements of IATF 16949. Action plan will be requested from vendors who fall below the stated minimum requirement. for non-exempt and non-ISO 9001 suppliers an annual audit will be conducted by Parker Americas Inc."	Purchasing and Quality Team